



GOVERNOR'S CABINET SECRETARIES

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2015

Auditor of Public Accounts
Martha S. Mavredes, CPA

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AUDIT SUMMARY

Our audit of the Governor's Cabinet Secretaries for the fiscal year ended June 30, 2015, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System and Cardinal;
- no matters involving internal control and its operation necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

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FINANCIAL INFORMATION BY CABINET SECRETARY

Introduction

The audit of the Governor's Cabinet Secretaries covers the agencies listed below. The Secretary of Administration's Division of Selected Agency Support Services provides administrative support for the Cabinet Secretaries' operations.

Secretary of Administration	Secretary of Health and Human Resources
Secretary of Agriculture and Forestry	Secretary of Natural Resources
Secretary of Commerce and Trade	Secretary of Public Safety and Homeland Security
Secretary of Education	Secretary of Technology
Secretary of Finance	Secretary of Transportation
Secretary of Veterans and Defense Affairs	

While most Cabinet Secretaries receive the majority of their funding through an appropriation from the General Fund of the Commonwealth, some Secretaries also receive various special revenue funds, which we discuss in further detail throughout this report.

The following table summarizes the operating budget and expenses for each Secretary.

Budget and Expense Summary for Fiscal Year 2015

	Original Budget	Final Budget	Expenses
Secretary of Administration	\$1,192,051	\$1,308,539	\$1,169,168
Secretary of Agriculture and Forestry	359,438	471,148	467,935
Secretary of Commerce and Trade	658,935	834,244	653,928
Secretary of Education	633,474	662,388	657,667
Secretary of Finance	453,132	619,660	563,389
Secretary of Health and Human Resources	672,239	785,861	707,389
Secretary of Natural Resources	655,473	829,562	639,341
Secretary of Public Safety and Homeland	588,839	1,314,182	1,039,949
Secretary of Technology	515,982	651,505	499,416
Secretary of Transportation	831,149	861,232	848,088
Secretary of Veterans and Defense Affairs	1,588,218	1,892,912	1,431,513
Total	\$8,148,930	\$10,231,233	\$8,677,783

The report has a section for each Secretary that summarizes the purpose and funding of each of the Secretaries listed in the table above. The format of the information will vary based on the Secretaries' funding sources and their responsibilities.

Secretary of Administration

The Secretary assists the Governor with the management and direction of the administration of state government. Within the Office of the Secretary of Administration is the Division of Selected Agency Support Services. The Division provides financial and administrative support to the following agencies:

Office of the Governor	Citizens Advisory Council
Office of the Lieutenant Governor	Interstate Organization Contributions
Governor's Cabinet Secretaries	Virginia-Israel Advisory Board

The Secretary receives General Fund appropriations to fund office operations. The following tables summarize the budget and expenses for fiscal years 2014 and 2015.

Financial Summary for Fiscal Years 2014 and 2015

	2014	2015
Original budget	\$1,061,775	\$1,192,051
Final budget	1,256,892	1,308,539
Actual expenses	1,201,356	1,169,168

Budget and Expense Analysis for Fiscal Year 2015

Original appropriations	\$1,192,051
Adjustments:	
Discretionary reappropriation of prior year unexpended General Fund cash balances	55,536
Transfer from Central Appropriations for employee salary increases, benefit changes, and other amounts	37,307
Workforce Transition Act payments to former employees not retained by the current administration	<u>23,645</u>
Total adjusted appropriations	1,308,539
Expenses:	
Personal services	1,040,894
Continuous charges	78,570
Supplies and materials	40,489
Contractual services	6,899
Equipment	1,316
Transfer payments	<u>1,000</u>
Total expenses	<u>1,169,168</u>
Unexpended balance	<u>\$ 139,371</u>

Secretary of Agriculture and Forestry

The Secretary provides policy guidance and direction on the conservation, protection, and development of Virginia's agricultural and forest resources, as well as consumer protection. The Secretary also oversees the Virginia Department of Agriculture and Consumer Services, the Department of Forestry, and the Virginia Agricultural Council.

The Secretary receives General Fund appropriations to fund office operations. The following tables summarize the budget and expenses for fiscal years 2014 and 2015.

Financial Summary for Fiscal Years 2014 and 2015

	2014	2015
Original budget	\$344,602	\$359,438
Final budget	358,604	471,148
Actual expenses	347,641	467,935

Budget and Expense Analysis for Fiscal Year 2015

Original appropriations	\$359,438
Adjustments:	
Discretionary reappropriation of prior year unexpended General Fund cash balances	104,000
Transfer from Central Appropriations for employee salary increases, benefit changes, and other amounts	<u>7,710</u>
Total adjusted appropriations	471,148
Expenses:	
Personal services	368,145
Contractual services	63,867
Continuous charges	25,565
Supplies and materials	<u>10,358</u>
Total expenses	<u>467,935</u>
Unexpended balance	<u>\$ 3,213</u>

Secretary of Commerce and Trade

The Secretary acts on behalf of the Governor in the management and direction of commerce and trade agencies to perform program coordination, policy planning, and budget formation activities. The Secretary receives General Fund appropriations to fund office operations. The following tables summarize the General Fund operating budget and expenses for fiscal years 2014 and 2015.

Financial Summary for Fiscal Years 2014 and 2015

	2014	2015
Original budget	\$632,413	\$658,935
Final budget	753,560	834,244
Actual expenditures	526,169	653,928

Budget and Expense Analysis for Fiscal Year 2015

Original appropriations	\$658,935
Adjustments:	
Discretionary reappropriation of prior year unexpended General Fund cash balances	134,353
Workforce Transition Act payments to former employees not retained by the current administration	21,272
Transfer from Central Appropriations for employee salary increases, benefit changes, and other amounts	<u>19,684</u>
Total adjusted appropriations	834,244
Expenses:	
Personal services	540,323
Contractual services	58,573
Continuous charges	50,009
Supplies and materials	3,787
Equipment	<u>1,236</u>
Total expenses	<u>653,928</u>
Unexpended balance	<u>\$180,316</u>

In addition to the appropriations to fund office operations, the Secretary of Commerce and Trade received General and non-general fund appropriations for economic development incentive payments to various grants as required by the Appropriation Act, which are highlighted in the table below.

Summary of Grants Disbursed Through the Secretary of Commerce and Trade

Grant Name	Final Budget	Amount Disbursed	Code of Virginia Section
Commonwealth's Development Opportunity Fund ^(A)	\$36,216,000	\$26,400,000	§2.2-115
Advanced Shipbuilding Training Facility Fund	8,029,323	8,029,323	§59.1-284.23
Major Eligible Employer Grant ^(C)	6,800,000	6,800,000	§2.2-5102
Semiconductor Memory or Logic Wafer Manufacturing Performance Grant	5,400,000	5,400,000	§59.1-284.14.1
Virginia Jobs Investment Program*	5,669,833	4,595,122	§2.2-1611
Aerospace Engine Manufacturing Training Grant Program*	3,648,000	3,090,000	§59.1-284.20
Governor's Motion Picture Opportunity Fund ^(B)	2,904,184	2,654,184	§2.2-2320
Investment Performance Grant Fund ^(C)	3,957,289	2,409,599	§2.2-5101
Commonwealth Research Commercialization Fund	1,596,581	1,576,581	§2.2-2233.1
Economic Development Incentive Grant ^(C)	4,500,000	1,400,000	§2.2-5102.1
Total	\$78,721,210	\$62,354,809	

*New grants in fiscal year 2015

(A) Discussed in further detail in paragraphs below

(B) Motion Picture Fund also received \$145,968 in revenues generated by a digital media fee

(C) Subfunds of the Virginia Investment Partnership Grant Fund

Commonwealth's Development Opportunity Fund

The Commonwealth's Development Opportunity Fund (the Opportunity Fund) provides funds to attract economic development prospects and secure the expansion of existing industry in the Commonwealth. The Opportunity Fund's source of funding is the General Fund. This General Fund appropriation is deposited to the Opportunity Fund in the Office of the Secretary of Commerce and Trade (Secretary), which allows the Governor to make grants to support qualifying projects. These grants are contingent on the company meeting certain criteria required under the Code of Virginia, such as the creation of a certain number of jobs. The Opportunity Fund cash balances are monitored by the Virginia Economic Development Partnership (Partnership) and Department of Planning and Budget. During periods of slow economic growth when the Opportunity Fund cash balances grow higher than what is required to meet commitments, accumulated balances in the Opportunity Fund are sometimes reduced by legislative action through interfund transfers, which revert Opportunity Funds cash back to the General Fund. Additionally, there is often a time lag of several years from the time when the Commonwealth makes its first commitment to the time when there is a requirement to make a payment.

Several entities are involved in the process of awarding grants from the Opportunity Fund including the Partnership, the Secretary, and the Governor. The Partnership conducts the initial reviews of the proposals for grants from the Opportunity Fund and the grants are subject to approval by the Secretary and the Governor.

Once the Governor has approved a grant or loan, the locality will request the funds and the Opportunity Fund will disburse the monies to the locality, who then pays the funds to the company. The company generally has three years within which to meet the conditions of the grant. If it does not meet the terms of the grant, the company must return some or all of the funds to the Opportunity Fund. The following table summarizes activity in the Opportunity Fund for the last three fiscal years.

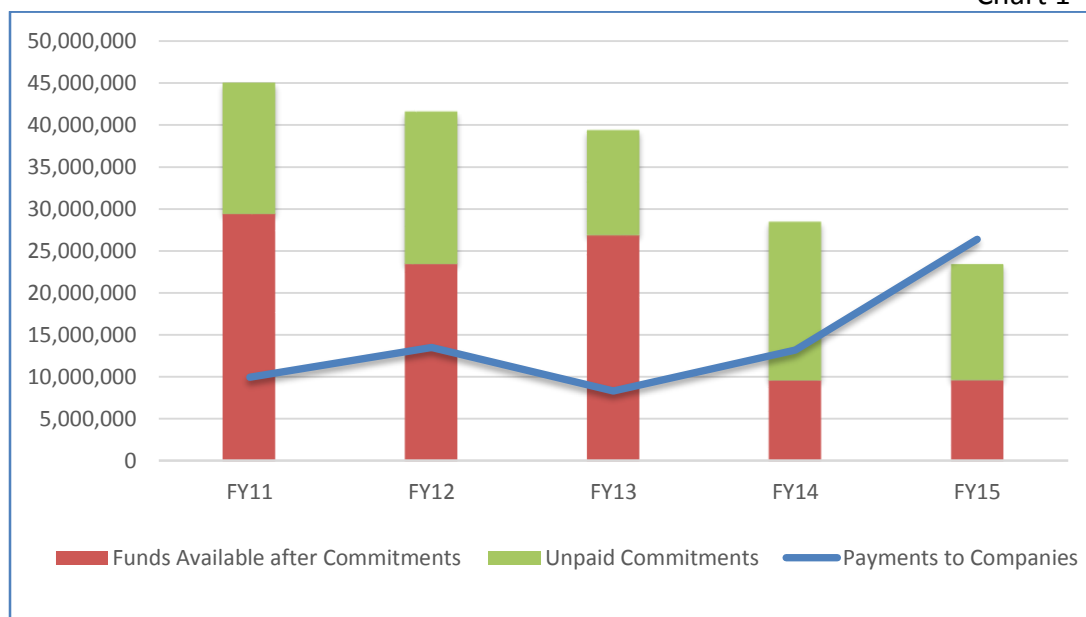
Summary of Opportunity Fund Activity (2013 - 2015)

	2013	2014	2015
Beginning cash balance	\$41,610,207	\$39,389,889	\$28,551,451
Transfer in General Funds	10,811,055	11,811,055	27,666,000
Transfer out General Funds	(5,000,000)	(13,200,000)	(6,450,000)
Amount repaid by companies	278,229	1,862,305	165,146
Payments to localities/companies	<u>(8,309,602)</u>	<u>(11,311,798)</u>	<u>(26,400,000)</u>
Ending cash balance	<u>\$39,389,889</u>	<u>\$28,551,451</u>	<u>\$23,532,597</u>

Over a period of several years, the Opportunity Fund accumulated a cash balance, though that balance has shown a downward trend in recent years. As of June 30, 2015, the Fund had a cash balance of \$23.5 million. At that date, the Fund had committed but not paid approximately \$13.8 million to various companies and preapproved offers of \$43.9 million to other companies where the company has not yet accepted or finalized the offer. The following chart highlights the five year trend of the Opportunity Fund's payments to companies, cash balances, and funds available for commitment after taking into account commitments which have not been paid. The chart excludes the effects of preapproved offers since those contracts have not been finalized.

Opportunity Fund Trends (2011 - 2015)

Chart 1



Secretary of Education

The Secretary acts on behalf of the Governor in the management and direction of educational agencies and performs program coordination, policy planning, and budget formulation activities. The Secretary's original budget decreased significantly from the prior year as a result of a reduction in funding provided to College Partnership Laboratory Schools. The following tables summarize the General Fund operating budget and expenses for fiscal years 2014 and 2015.

Financial Summary for Fiscal Years 2014 and 2015

	2014	2015
Original	\$1,207,073	\$633,474
Final budget	857,564	662,388
Actual	828,594	657,667

Budget and Expense Analysis for Fiscal Year 2015

Original appropriations	\$633,474
Adjustments:	
Transfer from Central Appropriations for employee salary increases, benefit changes, and other amounts	18,145
Workforce Transition Act payments to former employees not retained by the current administration	<u>10,769</u>
Total adjusted appropriations	662,388
Expenses:	
Personal services	590,661
Continuous charges	34,632
Contractual services	18,777
Transfer payments	7,279
Equipment	4,730
Supplies and materials	<u>1,588</u>
Total expenses	<u>657,667</u>
Unexpended balance	<u>\$ 4,721</u>

Secretary of Finance

The Secretary acts on behalf of the Governor in the management and direction of the finance agencies and performs program coordination, policy planning, and budget formulation activities. The Secretary of Finance receives General Fund appropriations to fund office operations. The following tables summarize the budget and expenses for fiscal years 2014 and 2015.

Financial Summary for Fiscal Years 2014 and 2015

	2014	2015
Original budget	\$425,362	\$453,132
Final budget	551,939	619,660
Actual expenses	449,538	563,389

Budget and Expense Analysis for Fiscal Year 2015

Original appropriations	\$ 453,132
Adjustments:	
Discretionary reappropriation of prior year unexpended General Fund cash balances	150,000
Transfer from Central Appropriations for employee salary increases, benefit changes, and other amounts	<u>16,528</u>
Total adjusted appropriations	619,660
Expenses:	
Personal services	531,939
Continuous charges	24,980
Contractual services	6,044
Supplies and materials	<u>426</u>
Total expenses	<u>563,389</u>
Unexpended balance	<u>\$ 56,271</u>

Secretary of Health and Human Resources

The Secretary acts on behalf of the Governor in the management and direction of health and human resource agencies and provides program coordination, policy planning, and budget formulation activities. The Secretary primarily receives General Fund appropriations to fund office operations. The following tables summarize budget and expenses for fiscal years 2014 and 2015.

Financial Summary for Fiscal Years 2014 and 2015

	2014	2015
Original budget	\$640,954	\$672,239
Final budget	850,398	785,861
Actual expenses	724,740	707,389

Budget and Expense Analysis for Fiscal Year 2015

Original appropriations	\$672,239
Adjustments:	
Discretionary reappropriation of prior year unexpended General Fund cash balances	78,059
Transfer from Central Appropriations for employee salary increases, benefit changes, and other amounts	24,999
Workforce Transition Act payments to former employees not retained by the current administration	<u>10,564</u>
Total adjusted appropriations	785,861
Expenses:	
Personal services	590,697
Continuous charges	75,157
Contractual services	39,460
Transfer payments	1,180
Supplies and materials	<u>895</u>
Total expenses	<u>707,389</u>
Unexpended balance	<u>\$ 78,472</u>

Secretary of Natural Resources

The Secretary acts on behalf of the Governor in the management and direction of natural resource agencies and provides program coordination, policy planning, and budget formulation activities. The Secretary primarily receives General Fund appropriations to fund office operations. The Secretary also has an agreement with the Department of Conservation and Recreation to receive \$100,000 in federal funds each year to support funding the Deputy Secretary position established to lead the Commonwealth's Chesapeake Bay restoration efforts. The following tables summarize the budget and expenses for fiscal years 2014 and 2015.

Financial Summary for Fiscal Years 2014 and 2015

	2014	2015
Original budget	\$628,181	\$655,473
Final budget	724,831	829,562
Actual expenses	530,781	639,341

Budget and Expense Analysis for Fiscal Year 2015

Original appropriations	\$655,473
Adjustments:	
Discretionary reappropriation of prior year unexpended General Fund cash	140,049
Workforce Transition Act payments to former employees not retained by the current administration	19,427
Transfer from Central Appropriations for employee salary increases, benefit changes, and other amounts	<u>14,613</u>
Total adjusted appropriations	829,562
Expenses:	
Personal services	578,152
Continuous charges	42,280
Transfer Payments	9,828
Contractual services	8,277
Supplies and materials	<u>804</u>
Total expenses	<u>639,341</u>
Unexpended balance	<u><u>\$190,221</u></u>

The Secretary is also responsible for managing the Chesapeake Bay Restoration Contribution fund. This fund receives a transfer from the Department of Taxation quarterly with voluntary contributions made by citizens of the Commonwealth. State agencies then submit requests to receive money for Chesapeake Bay restoration projects. After approval by both the Secretary and the Department of Planning and Budget, the Secretary transfers cash to the requesting state agency; however, no transfers were approved during fiscal year 2015. This fund now has a fund balance of \$212,418 remaining for future projects.

Secretary of Public Safety and Homeland Security

The Secretary acts on behalf of the Governor in the management and direction of public safety agencies and provides program coordination, policy planning, and budget formulation activities.

In addition, the Secretary works with federal, state, and local officials, as well as the private sector, to develop a coordinated security and preparedness strategy and implementation plan. The Secretary serves as the liaison between the Governor and the federal government as well as local governments and first responders on emergency prevention, preparedness, response, and recovery issues. The Secretary receives General Fund appropriations to fund office operations and federal funds through the Department of Emergency Management related to payroll reimbursements for one employee within this Secretary. The following tables summarize the budget and expenses for fiscal years 2014 and 2015.

Financial Summary for Fiscal Years 2014 and 2015

	2014	2015
Original budget	\$556,377	\$ 588,839
Final budget	801,852	1,314,182
Actual expenses	705,769	1,039,949

Budget and Expense Analysis for Fiscal Year 2015

Original appropriations	\$ 588,839
Adjustments:	
Transfer Homeland Security funding and responsibilities from the Secretary of Veterans and Defense Affairs	538,463
Discretionary reappropriation of prior year's unexpended General Fund balance	150,083
Transfer from Central Appropriations for employee salary increases, benefit changes, and other amounts	24,703
Workforce Transition Act payments to former employees not retained by the current administration	<u>12,094</u>
Total adjusted appropriations	1,314,182
Expenses:	
Personal services	924,584
Continuous charges	67,274
Contractual services	42,826
Supplies and materials	4,336
Equipment	<u>929</u>
Total expenses	<u>1,039,949</u>
Unexpended balance	<u>\$ 274,233</u>

Secretary of Technology

The Secretary develops, monitors, and directs the Commonwealth's technology strategy and assists in technology-based innovation and economic development. The Secretary oversees two agencies: Virginia's Center for Innovative Technology and the Virginia Information Technologies Agency (VITA).

The Secretary receives General Fund appropriations to fund office operations. The following tables summarize the budget and expenses for fiscal years 2014 and 2015.

Financial Summary for Fiscal Years 2014 and 2015

	2014	2015
Original budget	\$ 495,706	\$ 515,982
Final budget	563,656	651,505
Actual expenses	458,001	499,416

Budget and Expense Analysis for Fiscal Year 2015

Original appropriations	\$515,982
Adjustments:	
Discretionary reappropriation of prior year unexpended General Fund cash balances	105,655
Workforce Transition Act payments to former employees not retained by the current administration	15,215
Transfer from Central Appropriations for employee bonus and benefit changes, and other amounts	<u>14,653</u>
Total adjusted appropriations	651,505
Expenses:	
Personal services	421,150
Continuous charges	46,339
Contractual services	28,112
Supplies and materials	3,355
Equipment	<u>460</u>
Total expenses	<u>499,416</u>
Unexpended balance	<u>\$152,089</u>

Secretary of Transportation

The Secretary acts on behalf of the Governor in the management and direction of the transportation agencies and provides program coordination, policy planning, and budget formulation activities. The Secretary receives all operating funds directly from the Transportation Trust Funds. The following tables summarize the budget and expenses for fiscal years 2014 and 2015.

Financial Summary for Fiscal Years 2014 and 2015

	2014	2015
Original budget	\$814,573	\$831,149
Final budget	907,061	861,232
Actual expenses	865,238	848,088

Budget and Expense Analysis for Fiscal Year 2015

Original appropriations	\$831,149
Adjustments:	
Workforce Transition Act payments to former employees not retained by the current administration	21,044
Increase to convert part-time position to full-time	<u>9,039</u>
Total adjusted appropriations	861,232
Expenses:	
Personal services	775,894
Contractual services	33,344
Continuous charges	30,387
Transfer payments	5,292
Equipment	2,088
Supplies and materials	<u>1,083</u>
Total expenses	<u>848,088</u>
Unexpended balance	<u>\$ 13,144</u>

Secretary of Veterans and Defense Affairs

The Secretary monitors and enhances efforts to provide assistance and support to veterans living in the Commonwealth. The Secretary also promotes industrial and economic development of localities in or adjacent to United States government military and other national or Commonwealth defense activities.

The Secretary receives a General Fund appropriation and federal funds through the Department of Emergency Management related to payroll reimbursements for employees within this Secretary. The following tables summarize the budget and expenses for fiscal years 2014 and 2015.

Financial Summary for Fiscal Years 2014 and 2015

	2014	2015
Original budget	\$1,588,239	\$1,588,218
Final budget	2,472,437	1,892,912
Actual expenses	1,484,813	1,431,513

Budget and Expense Analysis for Fiscal Year 2015

Original appropriations	\$1,588,218
Adjustments:	
Discretionary reappropriation of prior year unexpended General Fund cash balances	834,046
Transfer from Central Appropriations for employee salary increases, benefit changes, and other amounts	9,111
Transfer Homeland Security funding and responsibilities to the Secretary of Public Safety and Homeland Security	<u>(538,463)</u>
Total adjusted appropriations	1,892,912
Expenses:	
Personal services	743,696
Contractual services	489,708
Transfer payments	155,583
Continuous charges	36,616
Supplies and materials	5,413
Equipment	<u>497</u>
Total expenses	<u>1,431,513</u>
Unexpended balance	<u>\$ 461,399</u>

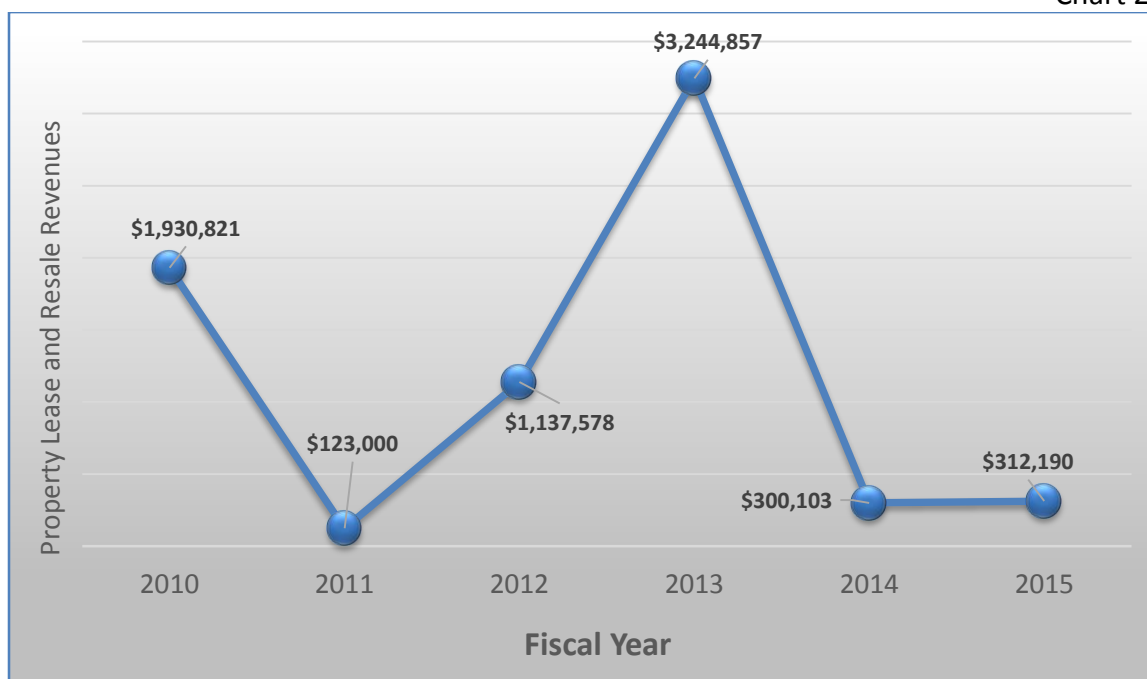
In addition to the appropriation to fund office operations, the Secretary received \$3.1 million in non-general funds and another \$6.8 million in general funds for the Military Strategic Response Fund (MSRF) and Federal Action Contingency Trust (FACT) Fund which both support local

implementation of federal Base Realignment and Closure Commission (BRAC) recommendations. Specifically, the purpose of these funds is to provide for economic development incentive to limit the adverse economic impacts of closure, relocation, or realignment of federal military or security installations or other federal agencies located in Virginia. The Secretary administered grant payments totaling \$1.3 million and \$315,000 to the Cities of Chesapeake and Hampton, respectively, during the fiscal year primarily for the purpose of purchasing properties in support of the BRAC Program.

The General Assembly has mandated that grantees split all proceeds from the sale or lease of any properties acquired using FACT Funds, which requires the grant recipients to refund 50 percent of the proceeds from property resale and lease collections to the Commonwealth. The chart below illustrates the proceeds collected from the sale and lease of property acquired through the BRAC program, which varies significantly according to when the sales or leases occur. The revenue collected reverts back to the FACT Fund to support future grant payments. The chart below outlines the refunds to the Commonwealth since fiscal year 2010.

**FACT Fund Collections
For the Fiscal Years Ended 2010 - 2015**

Chart 2





Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

June 7, 2016

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Robert D. Orrock, Sr.
Vice-Chairman, Joint Legislative Audit
And Review Commission

We have audited the financial records and operations of the **Governor's Cabinet Secretaries** as administered by the Division of Selected Agency Services (Division) for the year ended June 30, 2015. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System and Cardinal, review the adequacy of the Secretaries' internal controls, test compliance with applicable laws, regulations, contracts, and grant agreements, and review corrective actions of audit findings from prior year reports. The Secretaries transitioned to using Cardinal, the Commonwealth's new accounting and financial reporting system, on October 1, 2014.

Audit Scope and Methodology

The Secretaries' management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent

of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances

- Expenses, including payroll
- Grant payments
- Revenues
- Appropriations
- At-will employee leave

We performed audit tests to determine whether the Secretaries' controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts, and grant agreements. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of the Secretaries' financial operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that the Secretaries properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System and Cardinal. The Division records the Secretaries' financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Secretaries have taken adequate corrective action with respect to audit findings reported in the prior year that are not repeated in this letter.

Exit Conference and Report Distribution

We discussed this report with management on June 14, 2016.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

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AGENCY OFFICIALS

GOVERNOR'S CABINET SECRETARIES

As of June 30, 2015

Nancy Rodrigues, Secretary of Administration

Todd P. Haymore, Secretary of Agriculture and Forestry

Maurice A. Jones, Secretary of Commerce and Trade

Anne B. Holton, Secretary of Education

Richard D. Brown, Secretary of Finance

Dr. William A. Hazel, Jr., Secretary of Health and Human Resources

Molly Joseph Ward, Secretary of Natural Resources

Brian J. Moran, Secretary of Public Safety and Homeland Security

Karen R. Jackson, Secretary of Technology

Aubrey L. Layne, Jr., Secretary of Transportation

John C. Harvey, Jr., Secretary of Veterans and Defense Affairs

DIVISION OF SELECTED AGENCY SUPPORT SERVICES

Dennis M. Johnson, Director